

Top Secret

25X1

STAT

USIB

UNITED STATES
INTELLIGENCE
BOARD

National Intelligence Bulletin

State Dept. review
completed.

Top Secret

10 October 1974

25X1

25X1

Nº 639

Page Denied

National Intelligence Bulletin

October 10, 1974

CONTENTS

PORtUGAL: Socialist Party under pressure from the left.
(Page 1)

CYPRUS: Operations of British and American firms threatened by authorities in both zones. (Page 2)

ISRAEL: Demonstrators attempt to set up illegal settlements, roadblocks in West Bank. (Page 3)

25X1

CAMBODIA: Military situation. (Page 7)

BURMA: Insurgents prepare new campaign. (Page 9)

SOUTH VIETNAM: Advisers encourage Thieu to shuffle cabinet. (Page 10)

PHILIPPINES: Leaders of Communist Party accept amnesty offer. (Page 11)

SOUTH KOREA: Pak's response to opposition leader's criticism. (Page 12)

DOMINICAN REPUBLIC: Terrorists' release of hostages marks victory for President Balaguer. (Page 13)

25X6

ITALY: Leone to announce results of political consultations; Fanfani apparently favored as next prime minister. (Page 15)

25X1

National Intelligence Bulletin October 10, 1974**PORUGAL**

The Portuguese Socialist Party is under pressure both from its left wing and from the Communist Party to adopt more radical positions and cooperate more closely with the Communists.

The moderates have managed to retain control of the party, but they may be losing ground to more radical elements. A member of the moderate faction reports that left-wing radicals are trying to take over the leadership from Mario Soares and turn the party into a Communist-dominated front organization. Such a move would be certain to hurt the Socialists' relations with fraternal parties throughout Western Europe from which Soares has solicited advice and financial support.

After withdrawing from the Communist-dominated Portuguese Democratic Movement last August, the Socialists shunned joint action with the Communists. The pull-out was engineered by Socialist moderates who feared that the Communists would overshadow the Socialists and eventually dominate any alliance between the two parties. Marxist and Catholic factions within the Socialist Party, however, continued to favor a broad electoral coalition that would include Communists, and on September 28 these groups joined the Communists in manning roadblocks set up to prevent a pro-Spinola rally.

The Communist Party seems to be suffering internal differences of its own. The party's Central Committee announced this week that a party congress is scheduled for October 20. The lack of advance notice has sparked rumors of conflict within the party leadership.

There have been differences between party members who went into exile and those who fought underground during the Salazar and Caetano regimes. The early scheduling of the congress, however, suggests that the main point of contention will be the pace and scope of activity, now that the tide of events appears to be running in the Communists' favor.

National Intelligence Bulletin

October 10, 1974

CYPRUS

British and American firms in Cyprus are being threatened by both Greek and Turkish Cypriot authorities. The "Autonomous Cyprus Turkish Administration" has decreed that, under penalty of confiscation, all businesses operating in Turkish-controlled areas must register with the authorities. Greek Cypriot officials say that companies doing so will invite closure of their facilities and seizure of their properties.

Firms affected are those doing business on both sides of the line. For example, Cyprus Mines Corporation, a US-owned firm, operates copper and iron pyrite mines in Greek-held Skouriotissa, while its processing operations are located in Turkish areas. Sixty percent of Mobil Oil's sales in Cyprus are generated by outlets in Greek-held areas, with the remainder by those in the Turkish zone.

British firms are facing similar problems. The British High Commissioner has attempted to avoid recognition of an autonomous Turkish-Cypriot government and confrontation with the Greeks by transferring registration requests to lower level Turkish-Cypriot officials in Nicosia instead of to the "Autonomous Cyprus Turkish Administration" in Turkey.

25X1

25X1

National Intelligence Bulletin

October 10, 1974

ISRAEL

Activist proponents of permanent Israeli retention of the West Bank made their strongest and most successful effort to force the issue yesterday when hundreds of settlers and their supporters evaded government roadblocks and camped in at least three sites near Nablus, Jericho, and Ram Allah. Most were promptly evicted by Israeli troops and police, and the remainder were expected to leave today.

Demonstrators sympathetic to the settlers held mass rallies in Jerusalem yesterday but were opposed by police and counterdemonstrators from liberal and leftist groups.

Prime Minister Rabin issued a statement deplored the illegal settlement attempts and reiterating the government's position that no new Jewish settlements would be permitted on the West Bank without government authorization. [redacted] the US embassy reported earlier this week that the government has blocked all settlement plans indefinitely.

25X1

The confrontation was sparked by the National Religious Party's radical youth wing but probably included rightist and orthodox adherents of other parties and political groups. It coincided with the parliamentary session called by opposition rightists to debate Rabin's proposal to yield some of the West Bank to Jordan in exchange for guaranteed nonbelligerency. Rabin addressed the special Knesset session yesterday morning, but full-scale debate was put off until next week.

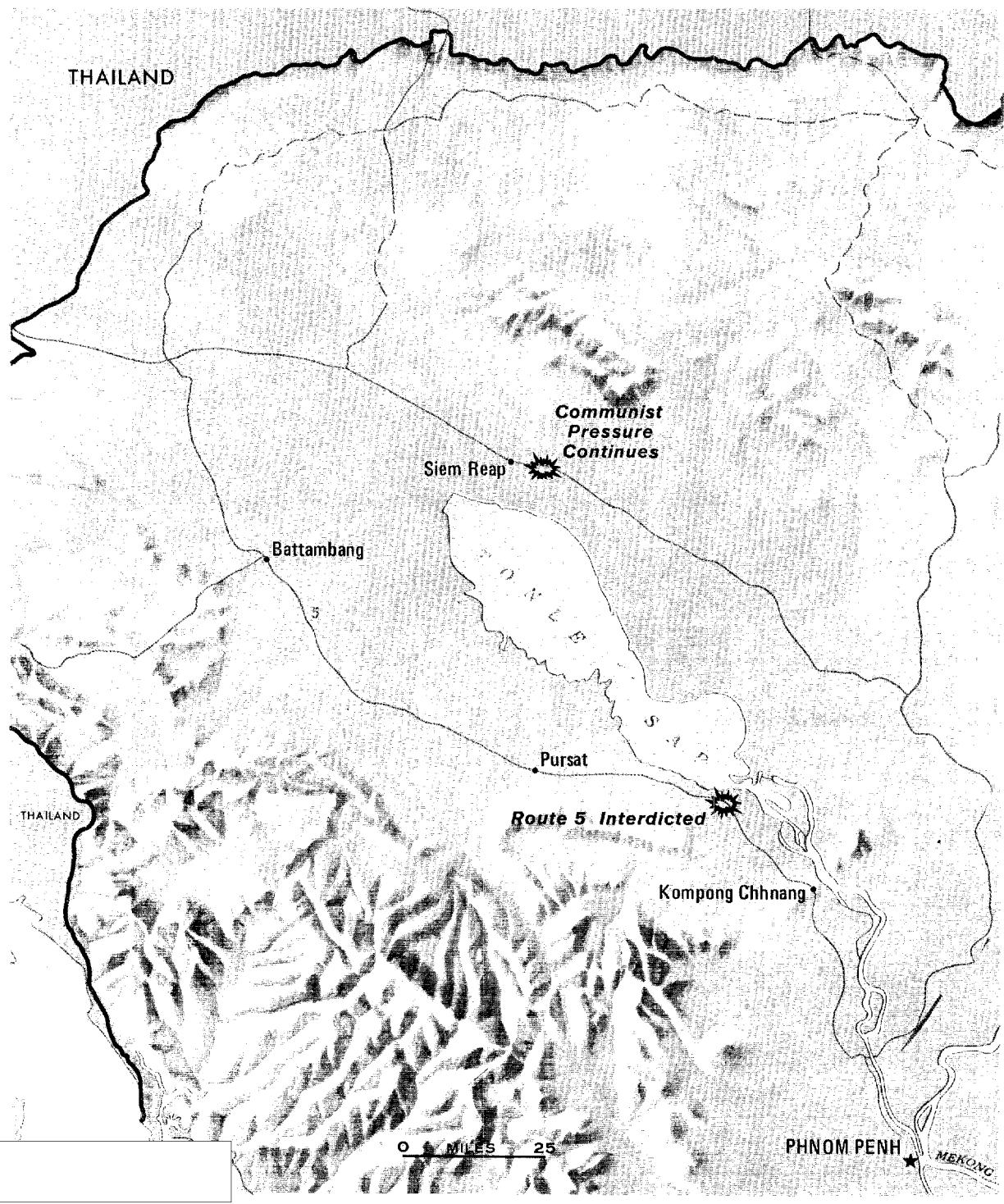
Jerusalem radio publicized messages sent to the government by spokesmen for liberal parties and groups demanding government action to halt the settlement attempts and punish the settlers. Some of the groups announced plans for counterdemonstrations. [redacted]

25X1
25X1

Page Denied

Next 1 Page(s) In Document Denied

Northwest Cambodia



National Intelligence Bulletin October 10, 1974**CAMBODIA**

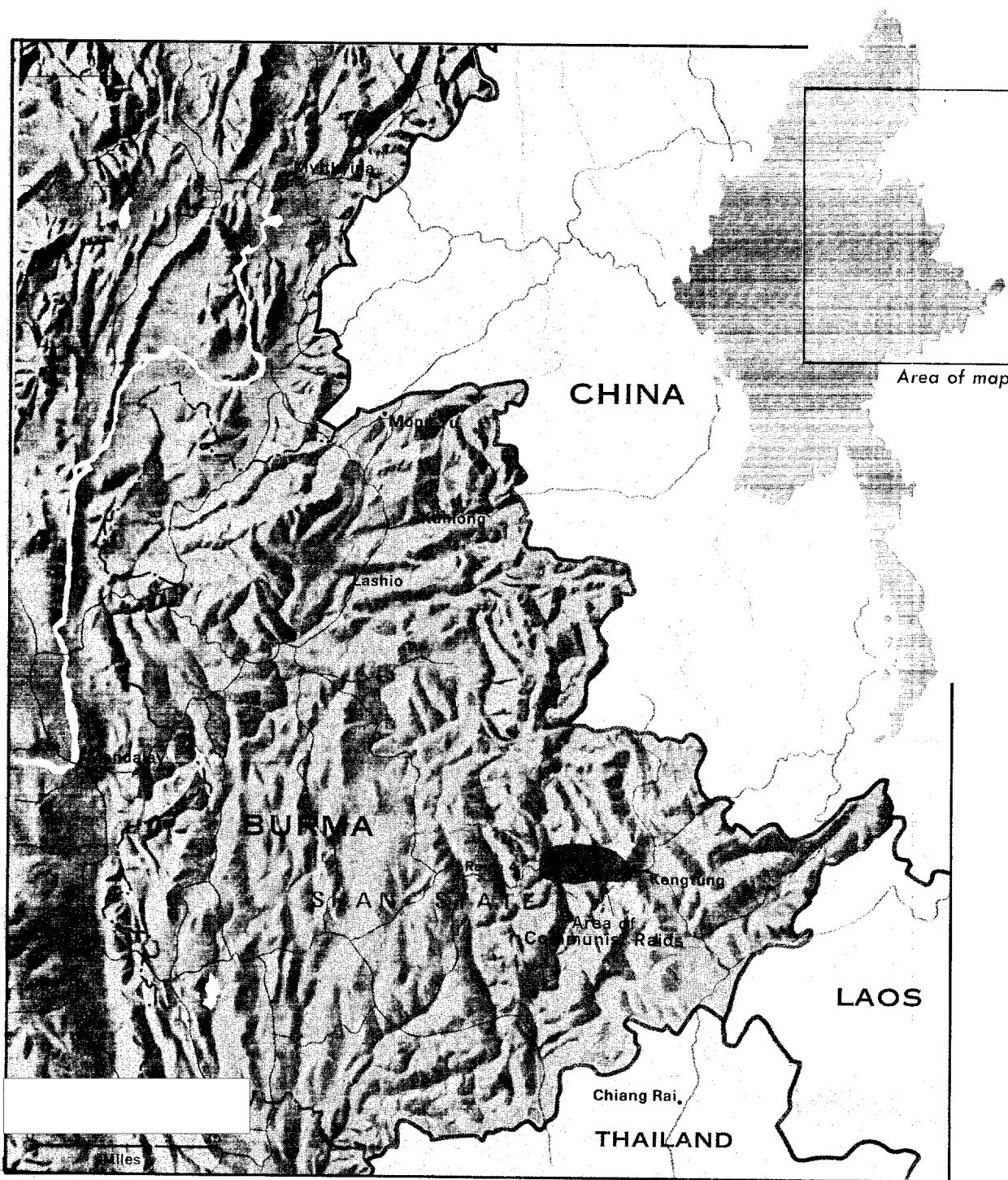
Units of the Cambodian army linked up last weekend northwest of Kompong Chhnang to clear Route 5 of communist forces; however the communists quickly recovered and interdicted the highway again several miles farther north.

Communist forces have shifted a division-size force into the area between Pursat and Kompong Chhnang in an effort to maintain the closure of this vital highway between the rice-producing areas of the northwest provinces and Kompong Chhnang. It is unlikely that the communists intend to launch any major attacks against the defenses of Kompong Chhnang and Pursat, but they will probably harass the defenders to keep them tied down.

East of Siem Reap, counterattacks have forced all government outposts to withdraw to within five miles of the city's outskirts. Although communist forces can be expected to continue efforts to regain all the territory east of the city recently lost to the government, there are no indications that they are preparing for any major ground attacks against the city.

25X1

25X1



National Intelligence Bulletin October 10, 1974**BURMA**

The Burmese communists apparently are preparing for a new military campaign against the government in the northeastern part of the country. The communists have staged small harassing raids near the administrative center of Kengtung--their first penetration into this area in several months. Communist forces reportedly are massing farther to the north and east, near the border with China.

The raids have been directed at points west of Kengtung along Route 4, the main road link between eastern Shan State and the rest of Burma. Some traffic along the road has been disrupted.

The rainy season is about to end in northeastern Burma, and fighting often picks up at this time of year. During the last dry season, the communists launched a major campaign in the Kengtung area, but government forces reacted aggressively and pushed them back. The government will probably move forcefully again this year.

Since the last dry season, the Chinese apparently have reduced their personnel support to the Burmese communists. The communists have been trying to further "Burmanize" their organization, and the coming military campaign should provide some indication of their progress.

The communists may be getting new support from some ethnic insurgents. A group of Shans claiming to be associated with the communists recently attacked several villages south of Kengtung near the Thai border.

25X1
25X1

National Intelligence Bulletin October 10, 1974SOUTH VIETNAM

Prime Minister Khiem and other members of Thieu's entourage are encouraging the President to make some changes in his cabinet as a means of dampening criticism of the government.

One specific objective of the proposed cabinet changes is the removal of Information Minister Hoang Duc Nha, Thieu's close confidant. Nha has been charged with mishandling complaints about government censorship and thereby contributing to the current antigovernment agitation. Khiem has attempted to persuade the President that Nha's removal from the cabinet would eliminate a major rallying point for antigovernment forces.

Antagonism on the part of Khiem and other senior officials toward Nha is not new. They have long been jealous of his easy and independent access to Thieu and believe he is guilty of passing unwise or self-serving advice to the President. Recently, for example, Nha has been accused of misleading the President with allegations that the US was providing covert support to Catholic and Buddhist dissidents.

Talk of cabinet change crops up regularly in Saigon, largely as a result of bureaucratic infighting and jockeying for presidential favor. In the past, Thieu has usually taken several weeks to decide what, if any, changes he wants to make.

While he may be persuaded that something more than a cosmetic change in the cabinet is now in order, Thieu will be reluctant to remove or significantly diminish Nha's influence. Thieu uses Nha for the very things that make the aide so unpopular--to inform to the President on what the other members of the palace guard are doing and thinking.

25X1
25X1

National Intelligence Bulletin

October 10, 1974

PHILIPPINES

The Marcos regime claims to have persuaded the leadership of the almost moribund Moscow-oriented Communist Party of the Philippines (PKP) to surrender. Marcos told the US ambassador on October 7 that the entire politburo has come over to the government side.

PKP leaders accepted an amnesty offer after a series of meetings with government representatives last month, and the government expects that the party rank and file will follow their leaders' example. The amnesty offer, which requires a pledge of support for the government and renunciation of subversive activity, will be kept open until late in the year.

The government intends to publicize the surrenders to show the attractiveness of the regime's social programs. It will also tout them as a breakthrough against subversion, even though the PKP ceased some years ago to be an effective opposition. Of the party's estimated 1,000 members, only about 500 are believed to be active, and its armed insurgents number only a little over 200. The PKP has been superseded by the better organized Peking-oriented party, whose New People's Army (NPA) is the most disciplined Philippine Communist insurgent group.

Marcos hopes the PKP surrenders will prompt defections from the NPA. This is unlikely, however, because the NPA has long considered the PKP to be in the government's pocket.

Marcos may try to use the PKP surrenders in negotiations with Peking on establishing diplomatic relations to press the Chinese to cease support for the NPA.

National Intelligence Bulletin

October 10, 1974

SOUTH KOREA

President Pak has wasted no time in responding to a highly critical address by the new opposition leader, Kim Yong-sam.

In remarks to Korean newsmen, Pak said that efforts by "some people" to advance their own political ambitions and stir up the people would not be tolerated, "no matter what form they may take." Pak's remarks made headlines in yesterday's Seoul dailies. The government has directed the Korean press to limit its coverage of Kim's call for reforms and to give more prominence to official rebuttal.

The government is also taking special pains to refute reports that the US is demanding reforms in South Korea as a price for President Ford's visit in November. Pak, hoping to ensure that his opposition is given no encouragement, explicitly denied that the US had set any conditions. Prime Minister Kim did the same thing during interpellations in the National Assembly yesterday. These actions are in keeping with the hard line set by Pak in his speech on Armed Forces Day.

National Intelligence Bulletin October 10, 1974**DOMINICAN REPUBLIC**

The safe release of the seven hostages who had been held in the Venezuelan consulate in the Dominican Republic since September 27 provides a major psychological victory for President Balaguer. He refused to give in to the terrorists' initial demands for the release of 37 prisoners and the payment of \$1 million, and he set the terms under which the kidnapers were allowed to go to Panama after releasing the hostages.

During the episode a broad spectrum of leftist groups went on record as opposing the kidnaping and the use of violence as a political tool. This condemnation could discourage others from using such tactics against the government.

Some of the psychological advantage for Balaguer could be lost, however, if security forces now undertook a general crackdown against leftist opponents. The extremists could point to such action as justifying the use of violence on their part.

Page Denied

National Intelligence Bulletin

October 10, 1974

ITALY

President Leone will announce today the results of his three days of consultations with political leaders. Christian Democratic Party chief Amintore Fanfani emerged as the favored prime minister - designate during Leone's talks.

Fanfani is reluctant to take on the job and, before he agrees to do so, Leone may have to take the unusual step of giving another Christian Democrat--Senate President Spagnolli--an exploratory mandate to sound out the chances of reconstructing the center-left coalition. Fanfani is probably behind the move to have Leone give an exploratory mandate to the Senate president. Spagnolli's talks would help Fanfani determine whether he has a realistic chance to work out a compromise among the former coalition partners.

The Christian Democratic leader is suspicious of the consensus that has developed in his favor. Even left-wing Christian Democrats--who this summer tried to oust him from his party post--are encouraging him to take the job, saying that his recognized executive ability and decisiveness are needed at this crucial juncture.

Fanfani knows that the parties are further apart than usual and probably believes that his enemies are setting him up for another failure. Fanfani has already suffered two setbacks this year; he led the losing side in the divorce referendum last spring, and the Christian Democrats were stung badly in a regional election in June.

The four parties, meanwhile, have completed a round of meetings; their subsequent statements confirm that they are still poles apart. The Socialists did not budge from their demand for changes in the austerity program, while the Republicans and Social Democrats remain adamantly opposed to any revisions. The Christian Democrats, as usual, are hedging but are inclined to side with the Social Democrats and Republicans.

The Social Democrats have backed away from their earlier call for a new election. None of the parties rule out a new election unequivocally, but most view this alternative as the last resort.

Page Denied

Next 2 Page(s) In Document Denied

Top Secret

Top Secret

25X1